

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 L-03 PM-04 SS-15 NSC-05 ACDA-07 PRS-01

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R 280137Z JUL 76

FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 8033  
INFO SECDEF WASHDC  
JCS WASHDC  
CINCPAC  
CINCPACAF  
CINCPACFLT  
CINCPACREPHIL SUBIC  
CG 13TH AF CLARK

C O N F I D E N T I A L MANILA 11060

CINCPAC ALSO FOR POLAD

FROM USDEL 159

E.O. 11652: GDS

TAGS: MARR, RP

SUBJECT: PHILIPPINE BASE NEGOTIATIONS: DAILY SUMMARY NO. 26

REF: STATE 174567 (DTG 142301Z JUL 76)

1. JULY 27 WORKING GROUP MEETINGS WERE LARGELY AN EXERCISE IN MARKING TIME, THOUGH PROSPECTS APPEAR GOOD FOR PROGRESS IN COMMAND AND LEGAL GROUPS. THERE WAS SOME BACKPEDALING ON PHIL SIDE IN FACILITIES GROUP RE: US ARTICLE III, PARA 3. PANELS WILL MEET IN PLENARY SESSION AT 10:00 A.M. JULY 28.

2. CHAIRMEN'S WORKING GROUP MET AFTERNOON JULY 27. SULLIVAN TABLED WASHINGTON-APPROVED CHANGES TO DRAFT ARTICLE ON JOINT COMMISSION, WHICH ROMUALDEZ ACCEPTED AD REFERENDUM. IN RESPONSE TO EARLIER ROMUALDEZ REQUEST, SULLIVAN PROVIDED HIM CERTAIN BACKGROUND PAPERS ON MINOR FACILITIES CONTAINED IN U.S. ANNEX  
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LISTING THOSE WE WISH TO RETAIN. ROMUALDEZ THEN PROVIDED PHILIPPINE

REDRAFT ON REMOVAL OF PROPERTY. SULLIVAN POINTED OUT UNACCEPTABLE FEATURES IN DRAFT, BUT AGREED TAKE PAPER UNDER CONSIDERATION. ROMUALDEZ AGAIN PROPOSED MODIFICATIONS TO PREVIOUSLY AGREED PREAMBLE. ALTHOUGH THESE WERE NOT AS DRASTIC AS EARLIER PROPOSALS, SULLIVAN POINTED OUT THOSE FEATURES WHICH WERE UNACCEPTABLE, AND BOTH SIDES AGREED TO RESTUDY TEXT. THERE FOLLOWED BRIEF DISCUSSION OF PROBLEMS WHICH HAD ARISEN IN LABOR AND FACILITIES WORKING GROUPS, AFTER WHICH ROMUALDEZ WAS SUMMONED TO MEETING WITH PRESIDENT MARCOS. CHAIRMEN AGREED TO CONVENE PLENARY SESSION 10:00 A.M. JULY 28 AND RECESSED FOR THE DAY.

3. FACILITIES: FACILITIES WORKING GROUP AGAIN REVIEWED NATURAL RESOURCES ARTICLE, WITH CHARACTERISTIC PELAEZ HISTORICS AGAINST US INSISTENCE ON AGREEMENT PRIOR TO ANY GRANT OF USE RIGHTS, AND FEIGNED SURPRISE AT "DISCOVERY" THAT MARINE JUNGLE TRAINING IS CONDUCTED ON JAD-JAD WATERSHED AREA, WHICH SERVES OLONGAPO RATHER THAN SUBIC. HOWEVER, THERE WAS A BARE BUT UNCONFIRMED HINT THAT IF US WAS PREPARED TO RELINQUISH JAD-JAD WATERSHED, WE MIGHT BE ABLE TO RETAIN THOSE WATERSHED AREAS SERVING SUBIC ITSELF. PHILS QUESTIONED WHY US NEEDED EXPRESS RIGHT (US ART VII, PARA 1) TO OPERATE ON OTHER PHIL MILITARY BASES, SINCE THIS WOULD BE GRANTED ON CASE-BY-CASE BASIS, AND THEN REFUSED TO CONSIDER IT AS RECIPROCAL TO THEIR RIGHT TO OPERATE IN THE FACILITIES. PHILS ALSO REOPENED PARA 3 OF NEW ART III ON STRENGTH LEVELS, STATING GOP SHOULD HAVE RIGHT TO ESTABLISH, AND TO APPROVE SUBSTANTIAL INCREASES IN LEVEL OF US FORCES PERMANENTLY STATIONED IN THE PHILIPPINES (BUT NOT THOSE ON TDY OR VISITING). PELAEZ STATED GOP CONSIDERS MAIN REASON FOR HAVING US FORCES HERE IS TO MAINTAIN EQUILIBRIUM IN SW PACIFIC, AND GOP WOULD THEREFORE INSIST ON AGREEMENT FOR USE OF FACILITIES INVOLVING COMBAT OPERATIONS, WITH PARTICULAR REFERENCE TO THE MIDDLE EAST. HOWEVER, PHILS HAVE STILL NOT TABLED ANY COUNTERPROPOSAL TO US VERSION OF ART III PARA 1 REFTEL, PRESUMABLY WHILE AGAIN FIDDLING WITH PREAMBLE.

4. COMMAND AND CONTROL: DISCUSSIONS TODAY AFFIRMED PROGRESS NOTED YESTERDAY, INCLUDING TENTATIVE RPT TENTATIVE AGREEMENT ON SUBMISSION OF "APPROPRIATE PRIOR NOTIFICATION" FOR ENTRANCE OF VESSELS OF THE UNITED STATES FORCES INTO PHILIPPINE COMMERCIAL PORTS (REFERENCE DIRECTOR, JOINT STAFF LTR SER DJSM-987-76 OF CONFIDENTIAL

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2 JUNE 1976); AND, TENTATIVE RPT TENTATIVE DEFINITE MOVEMENT BY PHILS FROM THEIR POSITION ON NPW VISITS (PHIL ARTICLE VI, PARA 2) TO CONTINUED ACCEPTANCE OF CURRENT PROCEDURES. PORT CONTROL AND AIR TRAFFIC CONTROL ISSUES STILL REMAIN AS TOUGH, UNRESOLVED ISSUES.

5. LEGAL: DUE TO LATE ARRIVAL OF MENDOZA, WORKING GROUP ONLY HAD TIME TO REVIEW REDRAFT OF WORKING PAPER ON IMMIGRATION.

THERE APPEARS TO BE A POSSIBILITY FOR WORKING GROUP TO AGREE ON  
AD REFERENDUM ARTICLE IN TOMORROW'S WORKING SESSION.

6. TAXATION: WORKING GROUP SEEMS TO HAVE RECTIFIED YESTERDAY'S  
REGRESSIONS. PHIL REP ACCEPTED PREVIOUSLY AGREED LANGUAGE ON LOCAL  
PROCUREMENT WITH THE UNDERSTANDING THAT GOP WISHES ADDITION,  
MORE SPECIFIC PROVISIONS ON CONTRACTORS, AND THAT THIS MAY  
NECESSITATE ALTERING THE AGREED TWO PARAS. PHIL REP OPINED  
ROMUALDEZ DID NOT INTEND TO SAY YESTERDAY THAT GOP WOULD NOT  
GRANT TAX EXEMPTIONS TO US CIVILIAN EMPLOYEES AND DEPENDENTS  
BUT ONLY THAT GOP WOULD NOT GRANT EXEMPTIONS TO US CONTRACTOR  
EMPLOYEES. NO PROGRESS ON OTHER SUBSTANTIVE ISSUES AS PHIL REP  
STILL LACKS NECESSARY AUTHORITY.

7. LABOR: LABOR WORKING GROUP MET MORNING AND AFTERNOON.  
DEVELOPED AGREED SINGLE TEXTS, WITH BRACKETING OF POINTS OF  
DISAGREEMENT, ON LEAD PARAGRAPH FOR LABOR ARTICLE AND RESOLUTION  
OF DISPUTES PARAGRAPH. WE NOW HAVE FIVE SUCH LABOR PARAGRAPHS  
AND WILL PROVIDE THEM SEPTEL. GROUP WILL CONTINUE THIS EXERCISE  
TOMORROW.  
SULLIVAN

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